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HEALTH AND SOCIAL CARE

INSIGHTS

A GK Strategy Publication

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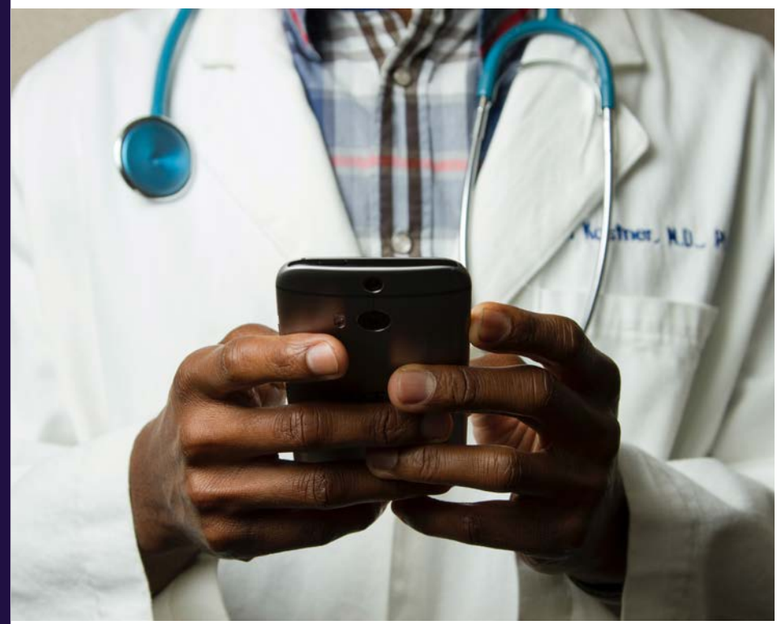
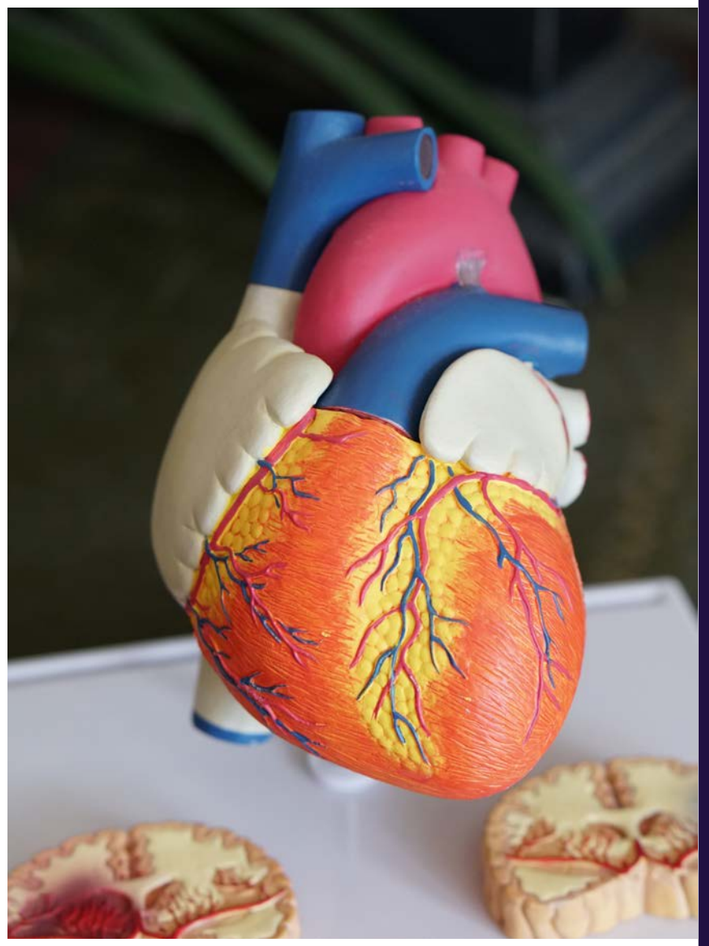


In this month's Health and Social Care insights, we'll be covering:



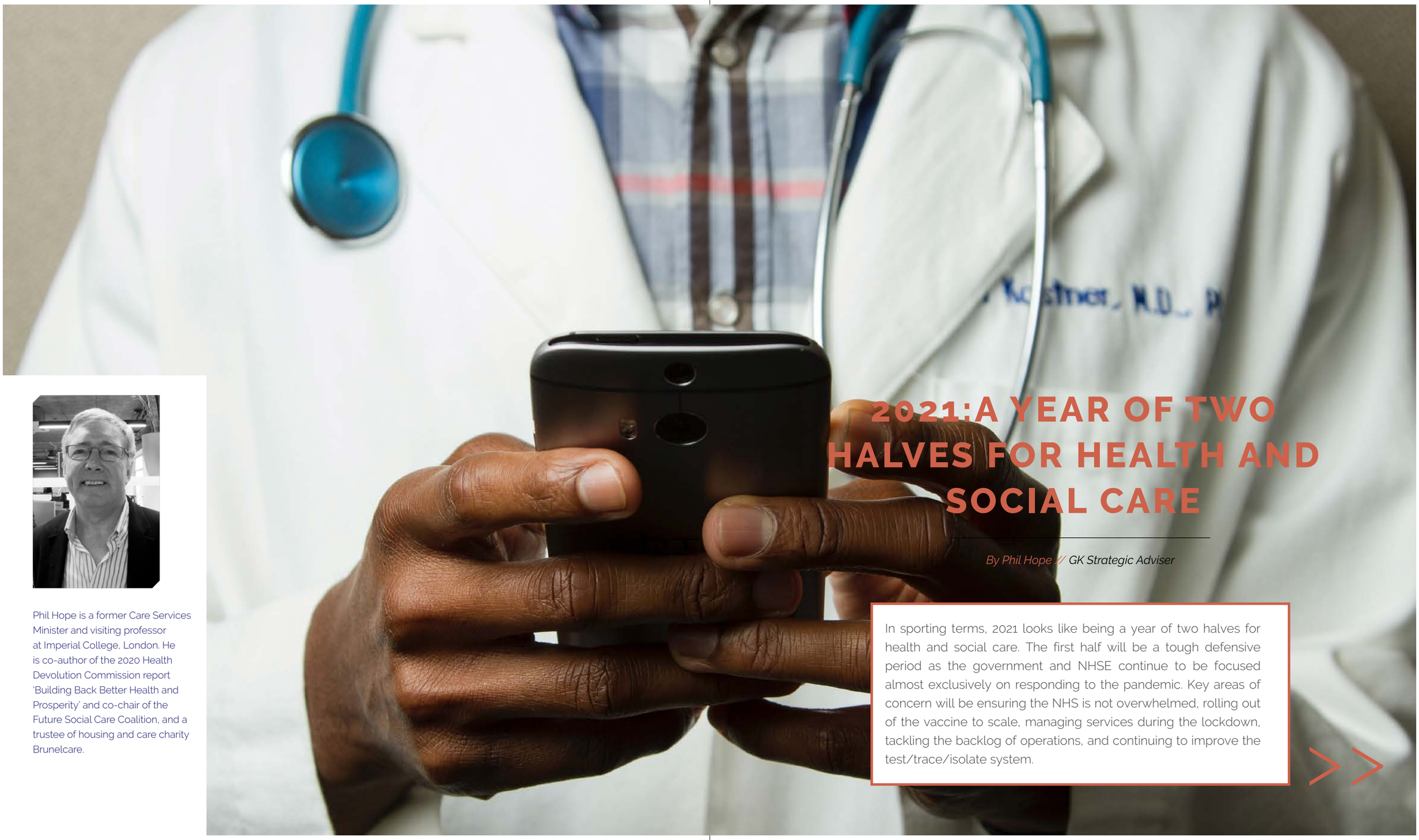
Authors

Phil Hope, *Strategic Adviser*
Joe Cormack, *Account Director*
Jack Sansum, *Senior Account Executive*
Ian Perrin, *Senior Account Manager*
Jamie Cater, *Head of Policy*
Ioan Phillips, *Senior Political Analyst*

Health

GK Strategy has a wealth of experience in the health and social care sector. Whether advising investors and management teams on both sell-side and buy-side in a transaction process, working with both businesses and public providers on their communications strategies and engagement with policy-makers, or providing ongoing support and advice on the political and regulatory environment to mitigate risk and create value, GK's experience extends across the market.

GK Strategy *Insights*



2021: A YEAR OF TWO HALVES FOR HEALTH AND SOCIAL CARE

By Phil Hope // GK Strategic Adviser

In sporting terms, 2021 looks like being a year of two halves for health and social care. The first half will be a tough defensive period as the government and NHSE continue to be focused almost exclusively on responding to the pandemic. Key areas of concern will be ensuring the NHS is not overwhelmed, rolling out of the vaccine to scale, managing services during the lockdown, tackling the backlog of operations, and continuing to improve the test/trace/isolate system.

Phil Hope is a former Care Services Minister and visiting professor at Imperial College, London. He is co-author of the 2020 Health Devolution Commission report 'Building Back Better Health and Prosperity' and co-chair of the Future Social Care Coalition, and a trustee of housing and care charity Brunelcare.

The second half may be a more creative, but no less combative period. Key priorities will include handling the consequences of Brexit and the new health visa; developing new Integrated Care Systems (ICS) legislation to 're-wire' the structures of the NHS and taking these through Parliament following the publication of the blueprint for reform; finding a replacement for Sir Simon Stevens who has signalled his intent to move on; and potentially bringing forward a response of some kind to the clamour for reform of the social care system over the longer term.

The pandemic has highlighted many serious funding and workforce issues within social care that are currently the subject of an inquiry by Jeremy Hunt, Chair of the Health and Social Care Select Committee. As the country emerges from the pandemic in the second half of the year, the government may take the opportunity to respond to this work and other representations, and bring forward proposals for reform – perhaps eating the elephant in chunks with an initial focus on improving services, funding and support for people living with dementia.

The resistance within the Treasury to greater central government funding of social care will be fierce (other than temporary amounts to combat COVID-19), with their preference being to allow local government to raise the council tax social care premium to meet local care needs. This despite the evidence that it is a regressive tax that raises insufficient funds overall and fails to raise funds in those areas that need them the most.

On NHS reform, the welcome shift to collaboration rather than competition as a design principle of the NHS raises questions nonetheless about how quality and choice will be maintained – greater external scrutiny perhaps and/or increased local democratic accountability for performance?

And what will the new provider collaboratives, intended to help deliver system-wide improvements, mean in practice for large and small providers? Who stands to gain and where will the power lie in these new organisational forms? Will it open doors for the third sector to play a bigger role or shut them out? And how will provider collaboratives 'dock onto' the ICS structures?

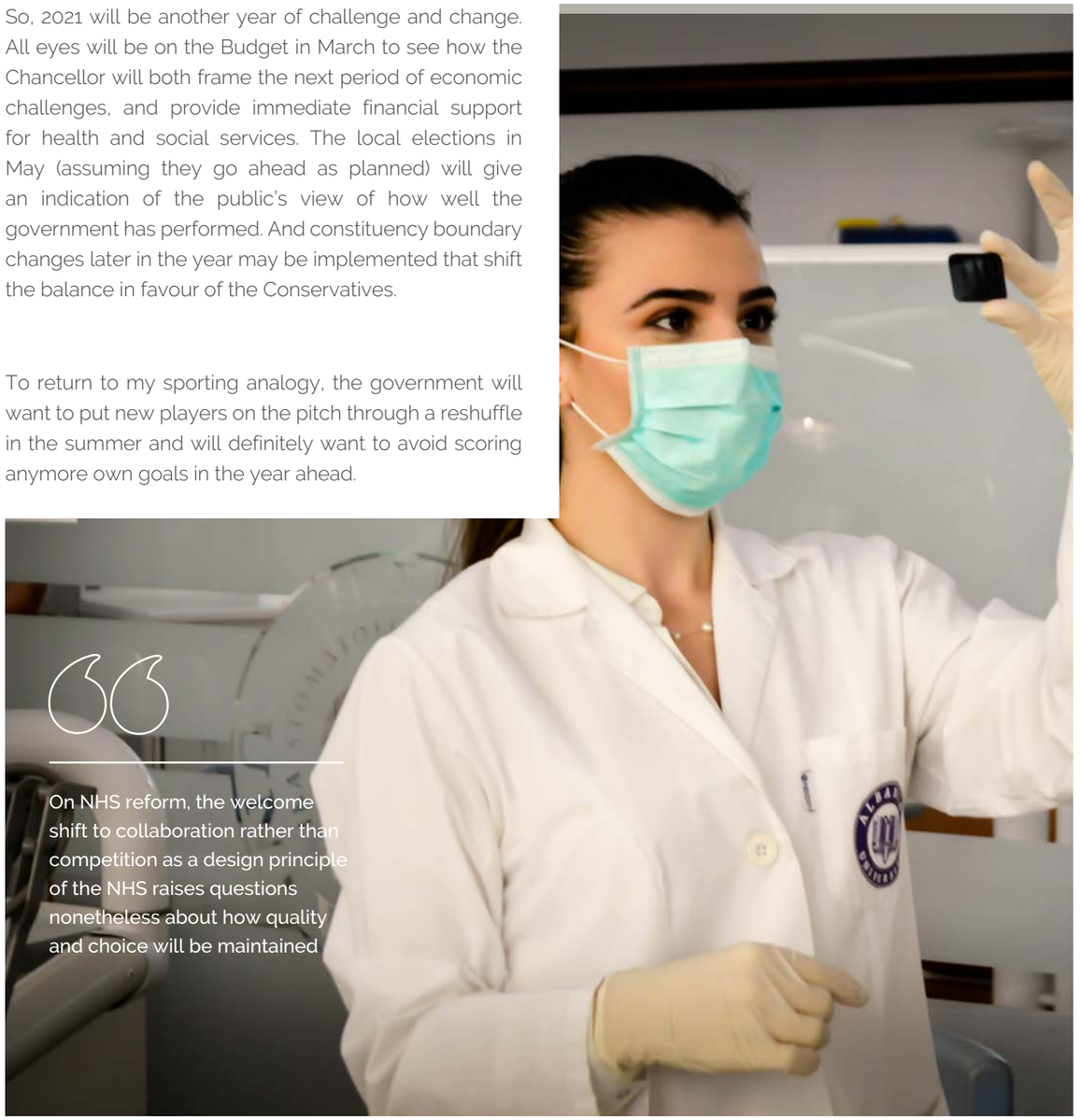
The abolition of CCGs (or the transfer of their powers to ICSs) will effectively re-shape the landscape for all organisations seeking to influence commissioning priorities and spending decisions. The principle of subsidiarity when applied to the three new tiers of PCNs, Local Government boundaries and the ICS board structures within the ICS footprint may mean different things in different areas. And this will be further complicated if contracts currently commissioned nationally are devolved to ICS bodies. Mapping the power, funding flows and key players within the new landscape of the 42 ICSs and their internal tiers will be a key task going forward.

Many organisations have submitted their responses to the NHSE consultation on the future development of ICS bodies with most welcoming the general direction of travel of decentralisation, and the permissive nature of the proposals that gives flexibility for local areas to develop their own approach within certain limits. Local government concerns, however, are whether the local partnerships envisaged by NHSE are not partnerships of equals but more of a takeover by the NHS.

A reverse concern is that the proposals are a Trojan horse for greater centralisation, leaving the NHS open to a hidden government agenda of making ICSs accountable centrally to the Department of Health and Social Care as the old Strategic Health Authorities once were.

So, 2021 will be another year of challenge and change. All eyes will be on the Budget in March to see how the Chancellor will both frame the next period of economic challenges, and provide immediate financial support for health and social services. The local elections in May (assuming they go ahead as planned) will give an indication of the public's view of how well the government has performed. And constituency boundary changes later in the year may be implemented that shift the balance in favour of the Conservatives.

To return to my sporting analogy, the government will want to put new players on the pitch through a reshuffle in the summer and will definitely want to avoid scoring anymore own goals in the year ahead.



On NHS reform, the welcome shift to collaboration rather than competition as a design principle of the NHS raises questions nonetheless about how quality and choice will be maintained

WHAT DOES 2021 (NOT LIKELY) MEAN FOR SOCIAL CARE?

by Jack Sansum // Senior Account Executive

It is no secret that successive governments have been roundly and repeatedly criticised for the stasis surrounding social care funding. Most recently, the Public Account Committee suggested that the COVID-19 crisis has exposed the 'slow, inconsistent and, at times, negligent' approach from Boris Johnson's administration to social care funding, which has have so far failed to act on the 2019 manifesto commitment to put forward a 'long-term reform package'.

Downing Street is acutely aware of this, drafting in David Cameron's former policy chief, Camilla Cavendish, to oversee reform efforts. At the very least, it is evident that the debate over funding is being taken more seriously in Downing Street.

However, with local authorities and care providers continuing to face immense disruption from COVID-19, those calling for wide-ranging reforms to the future funding environment have been disappointed once again so far this year.

The problem(s)

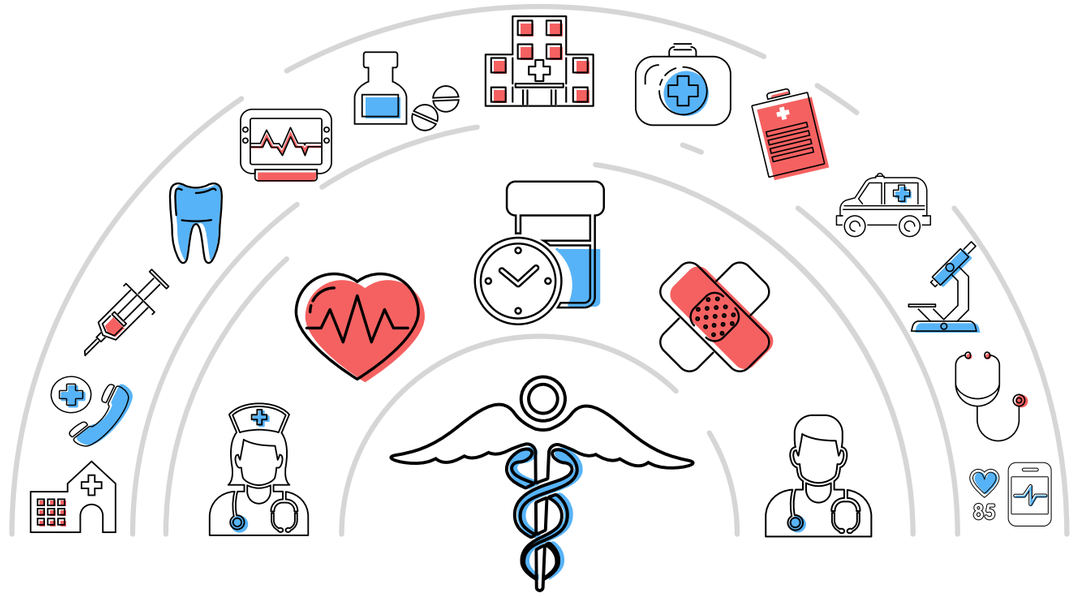
Put simply, for the Government, doing nothing is 'no longer an option' – and there is growing frustration with government inertia from within the social care sector. The influential Health and Social Care Select Committee recently urged the Government to provide an emergency boost of £7 billion a year to simply prevent the system from collapse.

Jack has advised organisations across the breadth of the health and social care system during his three years at GK. A social care policy expert, he has developed a reputation for delivering policy and public affairs campaigns, working with clients to develop their political strategy and stakeholder engagement.

jack@gkstrategy.com

Local authorities and care providers in particular have faced immense disruption during the COVID crisis. The Institute for Government (IfG) calculates that between March and August 2020 local authorities spent almost an additional £1.6bn on adult social care, mostly to help providers avoid collapse, and to provide social care to meet additional demand.

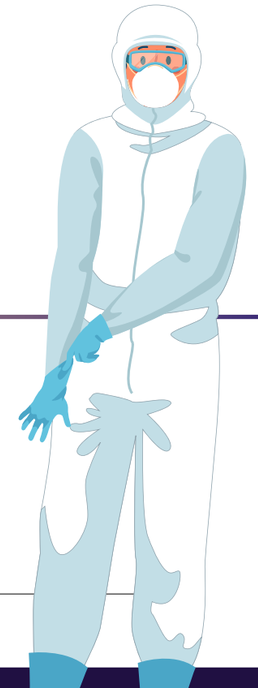
Perhaps more worrying is the forecast from local authorities that they will need to spend an additional £2.3bn in 2020/21 due to COVID-19. Pressures on local authorities shows no sign of abating, and without further central government support, will likely limit their ability to spend more on adult social care as they seek to balance their books.



What local authorities require

£900m	£840m	£260m	£150m	£150m
to support providers	for additional adult social care demand	for personal protective equipment (PPE)	for additional workforce pressures	of other adult social care related spending

Social care providers are also facing financial difficulties. Responding to a survey in May, 82% of local authority directors of adult social care said they had concerns about the financial sustainability of their residential and nursing care homes, while 75% were concerned about the financial sustainability of their homecare providers. In a survey of care providers conducted in June 2020, 64% of respondents were concerned their service was financially unsustainable.



Emergency measures in unprecedented times

Covid-19 short-term Government funding

On 19 March,

it provided £1.6bn to local authorities

On 16 April,

the government paid £850m worth of adult and children's social care grants for April, May and June upfront to relieve immediate cashflow pressures

On 28 April,

it allocated a further £1.6bnfor local authorities

On 15 May,

the government announced a £600m Adult Social Care Infection Control Fund to reduce coronavirus transmission in and between care homes and support wider workforce resilience, of which 75% was for care homes, with the remaining 25% available for other care providers at the discretion of local authorities*

On 2 July,

the government announced an un-ringfenced £500m for local authorities

On 17 September,

the government provided £546m to extend the Infection Control Fund until March 2021.

The Government has not only stepped in to provide funding increases to local authorities but has also provided £1.3bn of specific funding to the NHS to enable safe and timely hospital discharge to care settings.

However, while the NHS discharge funding successfully removed barriers to discharging patients from hospitals, it had adverse implications for adult social care – with blockages created across mental health, acute and community beds. Furthermore, some providers which would otherwise be COVID-designated homes have outlined they are not insured to do so – and Senior NHS leaders are placing pressure on the Treasury to pay for the additional insurance cost.

Sticking plasters, no longer sufficient but for now likely to continue to be applied

While the Government has provided short-term funding to ensure local authority financial stability and reduce transmission in social care, these sticking plasters continue to fail to properly address the desperate need for funding reform. If the Government is serious about fixing the "crisis in social care once and for all", it will need to provide local authorities and providers with certainty while long-term plans for reform of the sector are drawn up in Downing Street.

The Chancellor will therefore need to clearly outline to local authorities what income and costs the Government is willing to cover. Local authorities, care providers, and community health services will also be on the lookout for additional funding to ensure they have sufficient capacity to assess and absorb higher numbers of patients discharged from hospital.

For the Government, the process of securing sufficient political and public support for social care reform is likely to be fraught. Even if the Government were able to come forward with proposals in 2021, it would likely be some time before they could be expected to come into effect (if at all). The most recent meaningful attempt at reforming funding arrangements for adult social care – the recommendations made by the Dilnot Commission, along with the subsequent white paper and abandoned legislative measures in the Care Act 2014 – illustrate how drawn out the formulation and implementation of such contentious policy measures can be.

However, if, proposals for long-term reform still remain in the long grass in 2021, we may well see more tweaking from the Chancellor. This could take the form of further short-term increases in funding, combined with increased flexibility for local authorities, such as further increases to the council tax precept. Indeed, in the recent funding package for 2021/22 announced at the 2020 spending round, the Chancellor promised that local authorities would 'have access to over £1 billion of funding for social care', including up to £790 million raised by LA's levying a 3% adult social care precept.

It is worth noting that the precept raises different amounts of money in different parts of England - which could in theory be counterbalanced by allocating more of the £300 million grant funding to areas that could raise less through the precept. This could add financial burdens on households if it is levied. Others have pointed out that the precept is poorly aligned to levels of need for social care.

Over to you, Rishi

The Chancellor's "whatever it takes" message in March 2020 won him glowing reviews from the media and even his staunchest political opponents. "We want to look back on this time and remember how we thought first of others and acted with decency" he said. Fast-forward 12 months, and all eyes remain on Rishi Sunak to see if he can deliver on the Government's promise of "fixing social care" this year.

Frustratingly for the sector, while COVID-19 has elevated social care reform into an urgent policy priority, concrete plans for reform still appear embryonic. Subtle language changes from Ministers and DHSC officials are starting to appear – the Government "remain committed to sustainable improvement of the adult social care system". Unless decisive action is taken, the Government is at risk of becoming yet another administration who promised reform but ultimately failed to deliver.

THE CQC 5-YEAR STRATEGY:

AN OPPORTUNITY FOR ENGAGEMENT

Ian is a consultant at GK. Ian delivers communications and policy engagement across a range of areas, including businesses in the health and social care sector. Prior to this, Ian worked at a global healthcare consultancy.

ian@gkstrategy.com

By Ian Perrin // Senior Account Manager

The Care Quality Commission (CQC) – the omnipresent regulator for all things health and social care in England – has published a draft of its strategy for the next five years. The CQC recently ran a consultation on the strategy and provides individuals, organisations and providers a critical opportunity to reflect on how the CQC can set the tone for regulation in a post-pandemic England. If key groups, such as mental health, learning disability and higher acuity care providers, healthcare staffing organisations, and private providers of specialist care, wish to avoid regulatory friction and a stuttering relationship with the Commission, they must share their views during this consultation window.

Like Ofsted's 2019 framework for education regulation, the new CQC strategy takes a more holistic view of its inspections, and will increasingly shift towards a patient-centric perspective

Like Ofsted's 2019 framework for education regulation, the new CQC strategy takes a more holistic view of its inspections, and will increasingly shift towards a patient-centric perspective. This signals an increasing move away from simple box-checking exercises and towards understanding experiences for patients in various care settings. For example, they will shift away from a set schedule of inspections to show greater flexibility, using all regulatory tools and techniques to assess quality with greater continuity. This will manifest in local teams maintaining a more regular view of the services they manage, and ratings will be updated more regularly.

One theme which builds on 2016's strategy is the shift towards a greater digital and data footprint across regulation. The CQC proposes to increase its collaboration with other regulators and providers on data collation, to prevent duplication and build a more complete view of the healthcare landscape. It is incumbent on providers and specialists to ensure the CQC are best-informed on how to achieve this ambition in a meaningful way that avoids unnecessary bureaucracy as well as inaccuracy.

The pivot towards a better understanding of patients' experiences will result in, for example, surveys of the public, with the view that this regularly updated data will inform decision-making to continuously improve its regulation to provide high standards of care. Providers should be inputting into the types of data that the CQC should be collecting from these surveys, and having a dialogue in how they might access this for reviews of their own services.

The consultation sets out an ambitious plan not just for how regulation will change to meet the new evolutions of the health and care landscape, but also a bold programme of work for establishing a basis for more than just a few years to come. It has been broadly endorsed by many representative groups such as NHS Providers, who specifically called out the strategy's more proportionate and risk-based approach to regulation, as well as its explicit message of support for trusts to drive their own improvement.

Organisations across the system should be preparing for the outcomes of this consultation as the process continues, and have their say in the regulation of their sectors for years to come.

Jamie is GK's Head of Policy, leading political due diligence work with investors and advising a range of clients on policy and regulatory issues. This includes extensive work across health and social care, providing detailed advice and analysis to investors in some of the largest health and care businesses.

jamie@gkstrategy.com

THREE LIKELY PRIORITIES FOR THE NEW CHILDREN'S COMMISSIONER

By Jamie Cater // Head of Policy

The new Children's Commissioner, Dame Rachel de Souza – a former educationalist and head teacher – began a six-year term in office at the start of March. Below we consider three likely priorities for Dame Rachel over the coming months and years.

1. Return of schools and catch-up learning

Naturally at the top of de Souza's list of priorities will be the return of schools and the effectiveness of the catch-up measures the Government has put in place, including the additional funding and extension of the National Tutoring Programme announced by the Prime Minister in February. Given Dame Rachel's significant experience on the schools side of children's provision, we can expect plenty of scrutiny of the Government's performance and the adequacy of the various support measures put in place by the Department for Education over the coming weeks and months. In her very first statement on taking up the role at the beginning of March, the new Commissioner herself said that children should 'be at the heart' of the efforts to re-open schools and return to education as normal, and she should be expected to hold Ministers to account on how effectively programmes like the NTP perform in supporting children who have lost learning over the last 12 months.

Recent announcements by the DfE to increase the funding available for mental health provision in schools as well as community-based services go some way to fulfilling these, but we can expect the new Commissioner to push the Government to go further

2. Mental health provision

Improving mental health services, both in schools and in the community, was a significant pledge in a 2019 Conservative manifesto that was notably short on major commitments in education and social care. Recent announcements by the DfE to increase the funding available for mental health provision in schools as well as community-based services go some way to fulfilling these, but we can expect the new Commissioner to push the Government to go further, having used the early days of her term to call for improved access to counselling and mental health support for pupils.

3. Independent review of children's social care

The independent review of children's social care – another major manifesto commitment by the Government and one that Dame Rachel's predecessor, Anne Longfield, had consistently called for the Government to implement – is a subject that is likely to dominate the Commissioner's term in office. Longfield had taken the opportunity in the last months of her time as Commissioner to criticise the state of children's care in England, most notably the role of private providers and especially those that have received private equity investment. It is yet to be seen whether Dame Rachel takes the same harsh line on independent provision when she feeds into the independent review, which was finally launched by the Government back in January after some delay. Despite the expectation that the review will not have questions over the role of the private sector and provider ownership as a central theme, Dame Rachel will be expected to respond to the review and the previous Commissioner's strident stance on independent services and private equity could make it difficult for the incumbent to adopt a drastically different approach.

NEW STREAMLINED LICENSING AND PATIENT ACCESS PROCESS FOR MEDICINES

By Joe Cormack // Account Director

Joe is a GK Account Director and health specialist and advises organisations operating in the life sciences sector including pharmaceuticals, medtech and clinical research.

joecormack@gkstrategy.com

The UK Government and NHS, keen to maintain a reputation as a world class centre for the development of, and access to, new medicines has announced the creation of the Innovative Licensing and Access Pathway (ILAP).

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The scheme will co-ordinate work by the Medicines and Healthcare products Regulatory Agency (MHRA), NICE, the Scottish Medicines Consortium (SMC) and NHS England and has the aim of accelerating approval of the most innovative therapies, speeding patient access to new treatments.

> This more coordinated approach between different regulators and devolved bodies is being positioned as an outcome and an advantage of leaving the European Union

This more coordinated approach between different regulators and devolved bodies is being positioned as an outcome and an advantage of leaving the European Union. An expanded MHRA, has taken on marketing authorisation responsibilities (previously held by the European Medicines Agency) meaning that clinical trials governance and marketing approval for new medicines are held by the same organisation.

ILAP can be viewed as the extension and expansion of various pilot schemes designed to link emerging promising medicines with authorisation bodies earlier to enable improved sharing of clinical data on which regulatory approval and later cost effectiveness to the NHS will be based.

ILAP is open to commercial and non-commercially developed therapies (new and repurposed) and creates a new pathway for products to follow.

As a first step developers will be invited to apply for an Innovation Passport and will work with the MHRA to evidence how the product meets new criteria including innovation, public health need and improved outcomes for patients.

Interlinked with the Innovation Passport is the Target Development Profile (TDP), developed in coordination with the MHRA and is based on the product's characteristics. The TDP has been described as a 'regulatory ready toolkit' and will define key regulatory and development features, identify potential barriers and create a road map for delivering early patient access.

Importantly the TDP will include how the developer can work together with other UK stakeholders – such as NHS England and the technology appraiser NICE - for evidence generation and evaluation and to address commercial and managed access considerations. The intention is for the TDP to be developed incrementally in line with new evidence and commercial discussions.

Pharmaceutical companies and medical research organisations are encouraged to ensure they provide early and regular updates on regulatory plans to NICE and the MHRA. They will also need to take into account what data is required at different times to support applications via the ILAP.

The Association for the British Pharmaceutical Industry has expressed their support for the new process highlighting how the new 'rolling review' process will help to remove some uncertainty and unnecessary delays for patients accessing new treatments.

WHAT NEXT FOR PHARMACY AFTER COVID-19?

By Ioan Phillips // Senior Policy Analyst

COVID-19 has posed significant challenges for pharmacy, but it has also fundamentally altered the sector in several positive ways that look set to endure after the pandemic – the implications of which we outline below.

> Ongoing funding constraint has not stopped NHS England (NHSE) chiefs from thinking about an expanded clinical role for pharmacy.

Greater co-operation, but at what cost?

Ongoing funding constraint has not stopped NHS England (NHSE) chiefs from thinking about an expanded clinical role for pharmacy.

COVID catalysed improved collaboration between pharmacy and other healthcare professions – something that is borne out by empirical evidence. In the first two months of the pandemic, the level of electronic repeat dispensing (eRD) set up by GPs and pharmacies increased by ~15% compared to pre-COVID levels.

Primary care networks (PCN) are another area where pharmacy engagement has been strengthened. In many areas, pharmacy has been part of COVID community response teams established within PCNs. These typically draw on local GPs, mental health, and district nursing teams – with regular meetings to discuss pressures on services and where additional support can be offered. It is a form of working that pharmacists would like to see solidified into something more formal.

Primed for expanded care responsibilities

Ongoing funding constraint has not stopped NHS England (NHSE) chiefs from thinking about an expanded clinical role for pharmacy.

COVID has seen the sector become something of a triage system for those who need more complex care. This has got pharmacists thinking more about how their "gatekeeper" status and clinical abilities can augment provision across areas of the health service that are under the most pressure.

Such a vision will require a funding uplift – not to mention an upskilling agenda for the sector that goes beyond the prescriptions of the NHSE's Interim People Plan.

Let's get digital

Part of the new pharmacist skillset will invariably be digital literacy – especially after COVID accelerated the uptake of new technology enabling remote consultation. Indeed, it is now the case that a sizeable plurality of new medicines and medicine use review services are being provided online.

At the same time, it is worth noting that a change in regulation would be needed to allow the remote delivery of advanced services mandated in the Community Pharmacy Contractual Framework (CPCF). As such, the move toward digital is likely to be gradual – and for many cash-strapped, contractors the pace could be even slower.

On top of that, some pharmacists caution that digitisation is not a one-size-fits-all panacea – particularly where older patients are concerned.

Pharmacy has received repeated namechecks from the Prime Minister throughout COVID. By that measure, it is evident there is more high-level acknowledgement of pharmacy's role than was previously the case – not to mention the potential for its expansion.

Ioan works in GK's investor services team. He previously worked as a researcher for a political party, after which he held a public affairs role with the National Pharmacy Association (NPA). Ioan's work at the NPA encompassed issues such as pharmacy funding and service integration.

ioan@gkstrategy.com

GK Strategy *Insights*

WHAT CAN WE EXPECT FROM THE INDEPENDENT REVIEW OF CHILDREN'S SOCIAL CARE

by Jamie Cater // Head of Policy

In January, the Government launched its independent review of children's social care. Led by Josh MacAlister, the former chief executive of social work charity Frontline, the scope of the review is expected to cover a wide range of issues. Below we consider what we might expect from the review.

A lengthy process

The review process began in earnest in March, and is not expected to issue its final report to the Education Secretary for at least 12 months. The scope of the review is wide, which may mean that there is either an interim report or a refining of the range of issues being considered by the review at some point later this year. There will be plenty of opportunities for external stakeholders to feed into their views throughout the whole review; not only during the review itself, but following the final report next year the Government will also need to carry out further consultations ahead of implementing any proposals for reform. Therefore, it will be imperative for providers to be carefully monitoring what emerges from the review and to be responding in order to shape the outcomes and their eventual implementation.

A focus on quality and consistency of care

Given the scale of the review, it has been a challenge for the sector to understand exactly where the focus is likely to be. The Government's decision to ban unregulated children's homes in February has arguably diminished the importance of the review directly addressing one area that had been considered an early priority. It appears clear the broader issues of quality of services is likely to be key – ensuring that providers are proactively demonstrating that they are focused on the safety of the children in their care and providing stability in terms of their placements, whether in residential care, fostering or other settings, as well considerations around appropriate safeguarding of vulnerable young people.

Given the scale of the review, it has been a challenge for the sector to understand exactly where the focus is likely to be. The Government's decision to ban unregulated children's homes in February has arguably diminished the importance of the review directly addressing one area that had been considered an early priority.

Less on the independent sector, but input from the CMA

The attention from the likes of the Children's Commissioner and Local Government Association on the role of independent providers and their private equity backers meant that the launch of the review came against the backdrop of criticism of for-profit operators and the quality they provide for children. This was met with MacAlister writing to the Competition and Markets Authority to request an investigation into the children's care market. Despite this early attention to the role of the private sector, it is understood that this is unlikely to emerge as a key theme of the review; rather it will be considered as part of a wider view of the sustainability of services and whether there should be greater oversight of the market as a whole. Nevertheless, with the CMA having now launched a market study, providers will need to be aware that scrutiny of the private sector in this space is likely to continue over the course of the review.

There will be plenty of opportunities for external stakeholders to feed into their views throughout the whole review

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jamie@gkstrategy.com

gk strategy

strategic advisory and communications

For further information, contact us:

info@gkstrategy.com
207 340 1150